

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1487 Session of
2015

INTRODUCED BY QUINN, DEAN, HEFFLEY AND DUSH, AUGUST 13, 2015

REFERRED TO COMMITTEE ON FINANCE, AUGUST 13, 2015

AN ACT

1 Amending the act of April 9, 1929 (P.L.343, No.176), entitled,
 2 as amended, "An act relating to the finances of the State
 3 government; providing for the settlement, assessment,
 4 collection, and lien of taxes, bonus, and all other accounts
 5 due the Commonwealth, the collection and recovery of fees and
 6 other money or property due or belonging to the Commonwealth,
 7 or any agency thereof, including escheated property and the
 8 proceeds of its sale, the custody and disbursement or other
 9 disposition of funds and securities belonging to or in the
 10 possession of the Commonwealth, and the settlement of claims
 11 against the Commonwealth, the resettlement of accounts and
 12 appeals to the courts, refunds of moneys erroneously paid to
 13 the Commonwealth, auditing the accounts of the Commonwealth
 14 and all agencies thereof, of all public officers collecting
 15 moneys payable to the Commonwealth, or any agency thereof,
 16 and all receipts of appropriations from the Commonwealth,
 17 authorizing the Commonwealth to issue tax anticipation notes
 18 to defray current expenses, implementing the provisions of
 19 section 7(a) of Article VIII of the Constitution of
 20 Pennsylvania authorizing and restricting the incurring of
 21 certain debt and imposing penalties; affecting every
 22 department, board, commission, and officer of the State
 23 government, every political subdivision of the State, and
 24 certain officers of such subdivisions, every person,
 25 association, and corporation required to pay, assess, or
 26 collect taxes, or to make returns or reports under the laws
 27 imposing taxes for State purposes, or to pay license fees or
 28 other moneys to the Commonwealth, or any agency thereof,
 29 every State depository and every debtor or creditor of the
 30 Commonwealth," in procedure for the disbursement of money
 31 from the State Treasury, providing for payments to political
 32 subdivisions due to budget impasse and for investments
 33 through line of credit to political subdivisions due to
 34 budget impasse.

1 The General Assembly of the Commonwealth of Pennsylvania
2 hereby enacts as follows:

3 Section 1. The act of April 9, 1929 (P.L.343, No.176), known
4 as The Fiscal Code, is amended by adding sections to read:

5 Section 1506.1. Payments to Political Subdivisions Due to
6 Budget Impasse.--(a) When the Commonwealth has not enacted a
7 general appropriation act, which has been passed by the General
8 Assembly and signed by the Governor, on or before the beginning
9 of the State fiscal year, a budget impasse shall be deemed to
10 have occurred. A budget impasse concludes upon the passage by
11 the General Assembly and the signing by the Governor of a
12 general appropriation act for that fiscal year.

13 (b) If a budget impasse does not conclude within thirty
14 days, each political subdivision shall be entitled to be
15 reimbursed from the Commonwealth for all or a portion of
16 interest payments associated with any short-term debt incurred
17 by the political subdivision necessary to prevent interruption
18 of State-authorized program service delivery during a period of
19 budget impasse that does not conclude within thirty days. In no
20 case shall interest payment reimbursements be greater than a
21 rate of twenty basis points over the rate set by the Board of
22 Finance and Revenue for Commonwealth depositories pursuant to
23 section 505 and that is in effect at the time the short-term
24 loan was incurred.

25 (c) In addition to reimbursements pursuant to subsection
26 (b), each political subdivision shall be entitled to recover all
27 or a portion of its net loss incurred as a consequence of any
28 sale or liquidation of investment assets necessary to prevent
29 interruption of State-authorized program service delivery during
30 a period of budget impasse that does not conclude within thirty

1 days. In no case shall net loss reimbursements be greater than a
2 rate of twenty basis points over the rate set by the Board of
3 Finance and Revenue for Commonwealth depositories pursuant to
4 section 505 and that is in effect at the time the net loss was
5 incurred.

6 (d) Reimbursement of interest payments and net losses under
7 subsections (b) and (c) shall be payable by the Commonwealth,
8 upon application of the political subdivision, in accordance
9 with the following:

10 (1) The political subdivision shall submit to the State
11 Treasurer an itemization of the amount necessary to be
12 appropriated by the General Assembly to reimburse the political
13 subdivision for the interest payments made and net losses
14 incurred by the political subdivision. To the extent the
15 political subdivision experiences net gains as a result of
16 action taken under this section, the net gains shall be used to
17 offset any reported costs or expenses incurred by the political
18 subdivision.

19 (2) The State Treasurer shall establish a uniform method for
20 the determination of interest payments and gains and losses. The
21 method shall be used by each political subdivision in making a
22 claim for reimbursement. The reimbursement application shall be
23 on a form and in a manner determined by the State Treasurer and
24 shall include an itemized accounting of all debt incurred and
25 related interest payments, and assets liquidated and net losses
26 incurred from liquidation, for which reimbursement is being
27 claimed.

28 (3) Upon appropriation by the General Assembly to provide
29 for the reimbursement of interest payments and net losses, the
30 amount shall be paid by the State Treasurer through the Office

1 of the Budget to the political subdivision within thirty days of
2 approval by the State Treasurer of the reimbursement
3 application.

4 (e) This section shall apply to the fiscal year beginning
5 July 1, 2015, and July 1 of each fiscal year thereafter, during
6 a period of budget impasse.

7 Section 1509. Investments through line of credit to
8 political subdivision due to budget impasse.--(a) When the
9 Commonwealth has not enacted a general appropriation act, which
10 has been passed by the General Assembly and signed by the
11 Governor, on or before the beginning of the State fiscal year, a
12 budget impasse shall be deemed to have occurred. A budget
13 impasse concludes upon the passage by the General Assembly and
14 the signing by the Governor of a general appropriation act for
15 that fiscal year.

16 (b) Pursuant to its investment authority as set forth in
17 section 301.1, the Treasury Department may make available from
18 the Treasury Department's short-term investment pool to
19 political subdivisions a line of credit to prevent the
20 interruption of State-authorized program service delivery as a
21 consequence of a budget impasse that does not conclude within
22 thirty days. The line of credit shall be made available only
23 from those funds that are beyond the ordinary means of the
24 Commonwealth. A line of credit may be requested for the period
25 beginning August 1 of any fiscal year in which, by July 1 of
26 that fiscal year, no general appropriation act has been enacted
27 for that fiscal year, and ending on the date on which a general
28 appropriation act for that fiscal year is enacted.

29 (c) A political subdivision must submit a list detailing the
30 State-authorized program services that cannot be provided

1 without the line of credit and documentation of funds received
2 from the Commonwealth in the prior fiscal year. Documentation
3 shall include the line item appropriation from which the program
4 services are to be paid. Failure to submit required
5 documentation may result in denial of a line of credit.

6 (d) The line of credit shall not exceed thirty-five per
7 centum of the total prior fiscal year's funds received by the
8 political subdivision from the Commonwealth for State-authorized
9 program services for which the line of credit is sought, less
10 any funds received from the Commonwealth for those services
11 during the same fiscal year.

12 (e) The Treasury Department may charge interest on any
13 outstanding amount of credit, not to exceed twenty basis points
14 over the rate set by the Board of Finance and Revenue for
15 Commonwealth depositories pursuant to section 505 and that is in
16 effect at the time of execution of the line of credit.

17 (f) Within ten days of the enactment of a general
18 appropriation act for a fiscal year, the Treasury Department
19 shall prepare and submit to the Secretary of the Budget, and the
20 Appropriations Committee of the Senate and the Appropriations
21 Committee of the House of Representatives, a report detailing
22 the following:

23 (1) Line of credit recipients and the amount of each line of
24 credit.

25 (2) The State-authorized program services which were
26 provided by the line of credit recipient and the line item
27 appropriation from which the program services are paid when a
28 budget impasse has not occurred.

29 (g) The Treasury Department shall notify each line of credit
30 recipient of its repayment obligation and shall withhold out of

1 any State appropriation due to the line of credit recipient an
2 amount equal to the total of the principal balance of the line
3 of credit.

4 (h) This section shall apply to the fiscal year beginning
5 July 1, 2015, and July 1 of each fiscal year thereafter, during
6 a period of budget impasse.

7 Section 2. It is the intent of the General Assembly to
8 reimburse political subdivisions that incur interest on lines of
9 credit under section 1509 of the act and that such reimbursement
10 shall be made to the extent that funds are available through an
11 act of the General Assembly, including, but not limited to, a
12 general appropriation act, enacted after the effective date of
13 this section.

14 Section 3. This act shall take effect immediately.